Deferred tax assets and liabilities at March 31, 2007 and 2006 are included in the consolidated balance sheets as follows:

	2007	2006	2007
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred income taxes (current assets)	**¥100,440**	¥ 96,030	**$ 851,186**
Deferred income taxes (other assets)	**53,798**	38,217	**455,915**
Other current liabilities	**(118)**	(1,296)	**(1,000)**
Deferred income taxes (noncurrent liabilities)	**(54,268)**	(64,348)	**(459,898)**
Net deferred tax assets (liabilities)	**¥ 99,852**	¥ 68,603	**$ 846,203**

At March 31, 2007, certain subsidiaries had net operating loss carryforwards for income tax purposes of ¥68,058 million ($576,763 thousand), of which ¥11,903 million ($100,873 thousand) will be carried forward indefinitely and ¥56,155 million ($475,890 thousand) will expire through 2027. These net operating loss carryforwards are available to offset future taxable income of the subsidiaries.

The Company has not recognized deferred tax liabilities for a portion of undistributed earnings of foreign subsidiaries in the Document Solution segment, because such earnings have been permanently reinvested. Deferred tax liabilities will be recognized when the Company expects that it will realize those undistributed earnings in a taxable manner, such as through receipt of dividends or sale of the investments. Deferred income taxes have also not been provided on undistributed earnings of its domestic subsidiaries as such earnings, if distributed in the form of dividends, are not taxable under present tax laws.

12. Shareholders' Equity

The Corporation Law of Japan (the "Law") provides that an amount equal to 10% of the amount to be disbursed as a distribution of earnings be appropriated to the additional paid-in capital or legal reserve.

The Law also provides to the extent that if the sum of the additional paid-in capital account and the legal reserve account exceed 25% of the common stock account, then the amount of the excess (if any) is available for appropriations by resolution of the shareholders.

Retained earnings available for dividends under the Law are based on the amount presented in the Company's non-consolidated financial statements, which are prepared in accordance with accounting principles and practices generally accepted in Japan. Under the Law, the amount of retained earnings available for dividends as of March 31, 2007 amounted to ¥1,470,737 million ($12,463,873 thousand).

The appropriation of retained earnings for the year ended March 31, 2007 has been reflected in the consolidated financial statements, including for the amount approved at the general shareholders' meeting held on June 28, 2007.

Takeover Defense Measure

The Company has announced on March 30, 2007 that its Board of Directors (the "Board") has adopted Fair Rules for Acquisition of Substantial Shareholdings ("Shareholders' Will Confirmation Type" Takeover Defense Measure) (the "Plan"). Under the plan, a bidder who proposes to acquire 15% or more of the Company's voting shares is required to provide the Company with certain required information, and a time period that enables the Board to review will be determined. If the Board determines that the takeover proposal would not preserve and enhance corporate value and the common interests of shareholders of the Company, the Company will take procedures to ascertain the shareholders' view. The stock acquisition rights will be issued by the way of a gratis allotment in either of the following circumstances: (i) the shareholders have approved the issuance of the stock acquisition rights or (ii) the bidder has not followed the procedures required by the Plan. Since the Company is not issuing the stock acquisition rights at the time of the adoption of this Plan, this Plan will have no particular direct impact on the rights and interests of the shareholders. If

a shareholder holding the stock acquisition rights does not exercise such rights, such shareholder's ownership will be diluted due to the exercise of the stock acquisition rights by other shareholders. The Stock acquisition rights held by the bidder will not be exercisable. The term of the Plan shall be three years from March 30, 2007, the Plan implementation date, and the renewal of the term of the Plan shall be made by a resolution of the Board.

13. Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) as reflected in the consolidated balance sheets at March 31, 2007 and 2006 is summarized as follows:

	2007	2006	2007
	(Millions of yen)		(Thousands of U.S. dollars)
Unrealized gains on securities	**¥ 46,231**	¥ 53,119	**$ 391,788**
Foreign currency translation adjustments	**39,404**	11,865	**333,932**
Minimum pension liability adjustments	**—**	(12,078)	**—**
Pension liability adjustments	**(44,694)**	—	**(378,762)**
Unrealized gains (losses) on derivatives	**9**	11	**76**
	¥ 40,950	¥ 52,917	**$ 347,034**

The related tax effects allocated to each component of other comprehensive income (loss) for the years ended March 31, 2007, 2006 and 2005 are as follows:

	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
		(Millions of yen)	
2007			
Unrealized gains on securities:			
Decrease in unrealized gains on securities	**¥ (12,159)**	**¥ 4,937**	**¥ (7,222)**
Less: reclassification adjustment for losses realized in net income	**563**	**(229)**	**334**
Net decrease in unrealized gains	**(11,596)**	**4,708**	**(6,888)**
Foreign currency translation adjustments:			
Increase in unrealized foreign currency translation adjustments	**30,625**	**(1,151)**	**29,474**
Less: reclassification adjustment for gains realized in net income	**(1,935)**	**—**	**(1,935)**
Net increase in unrealized foreign currency translation adjustments	**28,690**	**(1,151)**	**27,539**
Minimum pension liability adjustments	**(26,077)**	**12,348**	**(13,729)**
Unrealized gains (losses) on derivatives:			
Change in unrealized gains (losses) on derivatives	**52**	**(25)**	**27**
Less: reclassification adjustment for gains realized in net income	**(56)**	**27**	**(29)**
Change in net unrealized gains (losses)	**(4)**	**2**	**(2)**
	¥ (8,987)	**¥15,907**	**¥ 6,920**

	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
		(Millions of yen)	
2006			
Unrealized gains on securities:			
Increase in unrealized gains on securities	¥ 46,172	¥(18,746)	¥27,426
Less: reclassification adjustment for gains realized in net income	(194)	79	(115)
Net increase in unrealized gains	45,978	(18,667)	27,311
Foreign currency translation adjustments:			
Increase in unrealized foreign currency translation adjustments	38,637	(440)	38,197
Less: reclassification adjustment for gains realized in net income	(874)	—	(874)
Net increase in unrealized foreign currency translation adjustments	37,763	(440)	37,323
Minimum pension liability adjustments	38,169	(16,347)	21,822
Unrealized gains (losses) on derivatives:			
Change in unrealized gains (losses) on derivatives	201	(96)	105
Less: reclassification adjustment for gains realized in net income	(230)	111	(119)
Change in net unrealized gains (losses)	(29)	15	(14)
	¥ 121,881	¥(35,439)	¥86,442

	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
		(Millions of yen)	
2005			
Unrealized gains on securities:			
Increase in unrealized gains on securities	¥ 4,927	¥ (2,000)	¥ 2,927
Less: reclassification adjustment for losses realized in net income	36	(15)	21
Net increase in unrealized gains	4,963	(2,015)	2,948
Foreign currency translation adjustments	13,267	(598)	12,669
Minimum pension liability adjustments	49,422	(22,621)	26,801
Unrealized gains (losses) on derivatives:			
Change in unrealized gains (losses) on derivatives	104	(51)	53
Less: reclassification adjustment for losses realized in net income	246	(121)	125
Change in net unrealized gains (losses)	350	(172)	178
	¥68,002	¥(25,406)	¥42,596

	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
	(Thousands of U.S. dollars)		
2007			
Unrealized gains on securities:			
Decrease in unrealized gains on securities	**$(103,042)**	**$ 41,839**	**$(61,203)**
Less: reclassification adjustment for losses realized in net income	**4,771**	**(1,941)**	**2,830**
Net decrease in unrealized gains	**(98,271)**	**39,898**	**(58,373)**
Foreign currency translation adjustments:			
Increase in unrealized foreign currency translation adjustments	**259,533**	**(9,754)**	**249,779**
Less: reclassification adjustment for gains realized in net income	**(16,398)**	**—**	**(16,398)**
Net increase in unrealized foreign currency translation adjustments	**243,135**	**(9,754)**	**233,381**
Minimum pension liability adjustments	**(220,991)**	**104,644**	**(116,347)**
Unrealized gains (losses) on derivatives:			
Change in unrealized gains (losses) on derivatives	**441**	**(212)**	**229**
Less: reclassification adjustment for gains realized in net income	**(475)**	**229**	**(246)**
Change in net unrealized gains (losses)	**(34)**	**17**	**(17)**
	$ (76,161)	**$134,805**	**$ 58,644**

14. Commitments and Contingent Liabilities

Guarantees

The Company guarantees certain indebtedness of others and other obligations. At March 31, 2007, the maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee was ¥32,463 million ($275,110 thousand), of which ¥28,530 million ($241,780 thousand) were guarantees of employee mortgage loans to financial institutions. In the event of an employee's insolvency, the Company and certain of its subsidiaries will need to pay the default mortgage on behalf of the employee. Certain guarantees are secured by the employees' property in the amount of ¥28,293 million ($239,771 thousand). The term of the mortgage loan guarantees is from 1 year to 29 years. As of March 31, 2007, the carrying amount of the liability for the Company's obligations under the guarantee was insignificant.

Lease Commitments

The Company and its subsidiaries lease office and retail space, warehouses, offices and laboratory equipment as well as certain residential facilities for employees.

The future minimum lease payments required under operating leases which, at March 31, 2007, had initial or remaining noncancelable lease terms in excess of one year are summarized as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
Year ending March 31;		
2008	¥ 19,738	$167,271
2009	15,675	132,839
2010	11,562	97,983
2011	8,909	75,500
2012	6,046	51,237
2013 and thereafter	7,967	67,517
Total future minimum lease payments	¥ 69,897	$592,347

Rental expenses under operating leases for the years ended March 31, 2007, 2006 and 2005 were ¥65,966 million ($559,034 thousand), ¥64,188 million and ¥60,335 million, respectively.

Purchase Commitments, Other Commitments and Contingencies

Commitments outstanding at March 31, 2007, principally for the construction and purchase of property, plant and equipment, amounted to ¥62,937 million ($533,364 thousand). At March 31, 2007, the Company was contingently liable for discounted notes receivable on a full recourse basis with banks of ¥7,796 million ($66,068 thousand).

Due to the nature of its business, the Company is subject to various threatened or filed legal actions and regulatory investigations. In the opinion of management, the Company has provided the necessary accruals, if any, for environmental remediation, litigation and regulatory investigations, for which occurrence of future events is probable and the amount of loss can be reasonably estimated. At March 2007, the Company received Statement of Objections from the European Commission relating to the investigations into alleged practices of the Company and certain of its subsidiaries in the professional videotape industry. Since the Statement of Objection is a preparatory document that does not prejudge the European Commission's final decision, the amount of the ultimate exposure, if any, cannot be determined at this time. The Company, based upon the advice of external counsel, does not expect the final outcome of the above-mentioned matters to have a material adverse effect on the financial position and operating results of the Company.

Product Warranties

The Company provides a warranty for certain of its products. These warranties generally extend for a period of one year from the date of sale. The following table sets forth the changes in the Company's warranty liability balance:

	2007	2006	2005	**2007**
	(Millions of yen)			(Thousands of U.S. dollars)
Balance, at April 1	**¥ 8,871**	¥ 7,951	¥ 7,838	**$ 75,178**
Warranties issued during the current period	**12,972**	14,692	13,426	**109,932**
Settlements made during the current period	**(11,743)**	(13,412)	(12,103)	**(99,517)**
Change in liability for pre-existing warranties during the current period, including expirations	**(430)**	(360)	(1,210)	**(3,644)**
Balance, at March 31	**¥ 9,670**	¥ 8,871	¥ 7,951	**$ 81,949**

15. Net Income per Share

A calculation of the basic and diluted net income per share for the years ended March 31, 2007, 2006 and 2005 is as follows:

	2007	2006	2005	**2007**
	(Millions of yen)			(Thousands of U.S. dollars)
Net income available to common shareholders	**¥ 34,446**	¥37,016	¥84,500	**$291,915**
Dilutive effect of:				
2011 Series A Convertible Bond	**200**	—	—	**1,695**
2011 Series B Convertible Bond	**455**	—	—	**3,856**
2013 Series A Convertible Bond	**184**	—	—	**1,559**
2013 Series B Convertible Bond	**456**	—	—	**3,865**
Diluted net income available to common shareholders	**¥ 35,741**	¥37,016	¥84,500	**$302,890**

	2007	2006 (Shares)	2005
Weighted-average common shares outstanding-Basic	**510,620,624**	509,525,143	512,801,030
Dilutive effect of:			
2011 Series A Convertible Bond	**9,369,468**	—	—
2011 Series B Convertible Bond	**9,369,468**	—	—
2013 Series A Convertible Bond	**10,090,196**	—	—
2013 Series B Convertible Bond	**10,090,196**	—	—
Weighted-average common shares outstanding-Diluted	**549,539,952**	509,525,143	512,801,030

	2007	2006 (Yen)	2005	**2007** (U.S. dollars)
Net income per share:				
Basic	**¥67.46**	¥72.65	¥164.78	**$0.57**
Diluted	**¥65.04**	¥72.65	¥164.78	**$0.55**

16. Financial Instruments

The Company operates internationally, and is exposed to market risks arising from fluctuations in foreign currencies, interest rates and certain commodity prices. The Company and certain of its subsidiaries utilize derivative financial instruments solely to reduce these risks. The Company has policies and procedures for risk management and the approval, reporting and monitoring of derivative financial instruments. The Company's policies prohibit holding or issuing derivative financial instruments for trading purposes. The following is a summary of the Company's risk management strategies and the effect of these strategies on the Company's consolidated financial statements.

Fair Value Hedging Strategy

Under certain circumstances, certain subsidiaries of the Company may enter into cross currency interest rate swaps for interest rate exposure and/or foreign currency exchange rate exposure management purposes. The cross currency interest rate swaps generally modify their exposure effectively to interest rate risk and/or foreign currency exchange rate risk associated with the underlying debt obligation by converting the underlying debt amounts in exchange for floating rate interest payments over the life of the agreements. There were no outstanding fair value hedge transactions as of March 31, 2007 and March 31, 2006.

Cash Flow Hedging Strategy

Certain subsidiaries of the Company have entered into forward currency exchange contracts to protect against the increase or decrease in value of forecasted intercompany purchases or export sales denominated in foreign currencies over the next year (maximum length of time is through May 2007). If the yen weakens significantly against foreign currencies (primarily the U.S. dollar), the increase in the value of future foreign currency cost or revenue is offset by gains or losses in the value of the forward exchange contract designated as a hedge. Conversely, if the yen strengthens, the decrease in the value of future foreign currency cash flow is offset by gains or losses in the value of the forward contracts designated as a hedge.

Changes in the fair value of those derivative instruments designated and qualifying as cash flow hedges of variability of cash flows are reported in other comprehensive income (loss), net of applicable taxes. These amounts are reclassified into earnings in the same period and same line item as the hedged items that affect earnings. The amount of gains or losses on derivatives or portions thereof that were either ineffective as hedges or excluded from the assessment of hedge effectiveness were not material to the financial position or operating results of the Company.

As of March 31, 2007, the Company expects to reclassify ¥12 million ($102 thousand) of net gains on derivatives from accumulated other comprehensive income (loss) to earnings during the next twelve months due to actual export sales and import purchases and the payment of the underlying debt.

Derivatives Not Designated as Hedges

Derivatives not designated as hedges include certain interest rate swaps, cross currency interest rate swaps, and forward currency exchange contracts which have been entered into by the Company and certain of its subsidiaries. Although these derivatives are effective as hedges from an economic perspective, the Company did not designate these contracts as hedges as required in order to apply hedge accounting. As a result, the Company reported the changes in the fair value of these derivatives in the statement of income in the line titled "Other, net" in other income (expenses).

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents, investments, trade and finance accounts receivable, and derivatives.

The Company maintains cash and cash equivalents and short-term investments with various financial institutions. These financial institutions are located throughout Japan and the Company's policy is designed to limit exposure to any one institution. The Company performs periodic evaluations of relative credit standing of those financial institutions that are considered in the Company's investment strategy.

Concentration of credit risk associated with trade receivables is limited due to the Company's large customer base, maintenance of customers' guarantee deposits and the Company's performance of ongoing credit evaluations. An allowance for doubtful accounts is maintained at a level which management believes is sufficient to cover potential losses.

The Company is exposed to credit risk in the event of nonperformance by counterparties to derivative instruments. The Company limits this exposure by acquiring such derivative instruments from counterparties with high credit ratings.

Fair Value of Financial Instruments

The estimated fair value of financial instruments has been determined using available market information or other appropriate valuation methodologies. Although management uses its best judgment in estimating the fair value of such instruments, the methodologies and assumptions for the estimate of fair value are inherently subjective. Consequently, the estimates are not necessarily indicative of the amounts which could be realized or would be paid in a current market exchange. The following methodologies and assumptions were used by the Company in estimating the fair value of its financial instruments:

Cash and cash equivalents, Notes and accounts receivable, Short-term debt, Notes and accounts payable: The carrying amounts in the consolidated balance sheets approximate fair value because of the short maturity of these instruments.

Marketable securities and Investment securities: The fair value of current and noncurrent marketable securities is estimated based on quoted market prices. The fair value of nonmarketable debt securities with variable rates approximates their carrying amounts.

Customers' guarantee deposits: The carrying amounts approximate fair value because they are variable rate instruments.

Long-term debt: The fair value of long-term debt is estimated using discounted cash flow analysis based on the current incremental borrowing rates for similar types of borrowing arrangements. The fair value of long-term debt, including the current portion, as of March 31, 2007 and 2006 was ¥78,772 million ($667,559 thousand) and ¥104,058 million, respectively. The fair value as of March 31, 2007 did not include the fair value of the Euroyen convertible bonds issued on April 5, 2006 with a carrying value of ¥201,474 million because there was no quoted market price and it was not practicable to estimate the fair value.

Derivative financial instruments: The fair values of forward currency exchange contracts, interest rate swaps, currency swaps and cross currency interest rate swaps are estimated on the basis of the market prices of derivative financial instruments with similar contract conditions or obtained from brokers. The fair value and the carrying amounts of these derivative assets were ¥531 million ($4,500 thousand) and ¥536 million, and those of derivative liabilities were ¥3,745 million ($31,737 thousand) and ¥781 million, as of March 31, 2007 and 2006, respectively.

17. Acquisitions

In order to expand its distribution channels in Japan, the United States of America, Europe and Asia and increase in technological developments in certain products, the Company acquired seven, twenty nine and eleven businesses and/or minority interests during the years ended March 31, 2007, 2006 and 2005, respectively. Considerations for all significant acquisitions were paid in cash or treasury stock of the Company and aggregate purchase prices for acquisitions amounted to ¥49,743 million ($421,551 thousand), ¥44,053 million and ¥58,010 million, net of cash acquired for the years ended March 31, 2007, 2006 and 2005, respectively. There were no significant contingent payments, options or commitments related to those acquisitions. Each acquisition that qualified as a business combination has been accounted for under the purchase method of accounting in accordance with SFAS No. 141, "Business Combinations" and the excess of the purchase price over the estimated fair value of net assets acquired has been recorded as goodwill, which is primarily tax non-deductible.

Significant acquisitions completed during the year ended March 31, 2007 included (i) 100% of the common stock of Dimatix, Inc. based in the United States of America, which is a manufacturer of inkjet printer heads for industrial use, (ii) 100% of the common stock of Daiichi Radioisotope Laboratories, Ltd. which is a domestic manufacturer of radiopharmaceuticals and (iii) additional purchase of 46.6% of the common stock of Fuji Xerox Taiwan Corporation, which is a marketing company of office equipment. In addition, the Company acquired 11.9% of the common stock of FUJINON Corporation which was a 88.1% owned subsidiary and has ultimately become a wholly owned subsidiary of the Company in exchange for treasury stock of the Company. The Company recognized ¥24,130 million ($204,491 thousand) of goodwill, ¥7,572 million ($64,169 thousand) of technology-based intangibles and ¥7,603 million ($64,432 thousand) of customer-related intangibles on its acquisitions for the year ended March 31, 2007, including those mentioned above.

Significant acquisitions completed during the year ended March 31, 2006 included (i) 100% of the common stock of Avecia Inkjet Limited, based in the United Kingdom and (ii) 60% of the common stock of Sankio Chemical Co., Limited, which was a 40% owned affiliate and has ultimately become a wholly owned subsidiary of the Company in exchange for treasury stock of the Company. The Company recognized ¥14,664 million of goodwill, ¥4,919 million of technology-based intangibles and ¥7,788 million of customer-related intangibles on its acquisitions for the year ended March 31, 2006, including those mentioned above.

Significant acquisitions completed during the year ended March 31, 2005 included (i) the Microelectronic Materials Division of Arch Chemicals, Inc. and 49% of the common stock of FUJIFILM ARCH Co., Ltd., which was a 51% owned subsidiary of the Company before acquisition and (ii) 100% of the common stock of Sericol Group Limited, which is manufacturer of screen ink and industry inkjet ink based in the United Kingdom.

The results of operations for the acquired entities since the date of the acquisitions have been included in the Company's consolidated statements of income. Pro forma results of operations have not been presented for any of the acquisitions because the results of operations related to the entities acquired were not significant to the operating results of the Company on either an individual or an aggregate annual basis.

18. Restructuring and Other Charges

Imaging Solutions Segment

The business environment in the Imaging Solutions segment has been drastically changing more quickly than previously expected and future forecasts for improvement in results are not favorable. Management of the Company has implemented the radical restructuring activities in both photographic materials business and electric imaging business through the course of the previous and current fiscal years. Restructuring activities in photographic materials business consisted of plant integration, termination of certain manufacturing lines, streamlining in supply-chains including workforce reduction and cost reductions, research and development costs reduction and integration and termination of photo-finishing laboratories. Restructuring activities in electric imaging business involving digital cameras, consisted of redevelopment of manufacturing to China and other supply chain and cost reduction measures. As a result, total restructuring costs of ¥163,433 million ($1,385,025 thousand) were incurred during the two fiscal years ended March 31, 2007. Restructuring activities initiated for this business have been conducted as planned and completed through the end of the current fiscal year. Costs that have been incurred for the year ended March 31, 2007 and 2006 are summarized as follows:

	Employee termination benefits	Loss on fixed assets and other associated costs	Total
		(Millions of yen)	
Cost incurred	¥ 20,883	¥ 65,160	¥ 86,043
Non-cash charges	—	(63,664)	(63,664)
Cash payments	(3,752)	(991)	(4,743)
Liability balance **at March 31, 2006**	¥ 17,131	¥ 505	¥ 17,636
Cost incurred	**¥ 23,073**	**¥ 54,317**	**¥ 77,390**
Non-cash charges	**—**	**(47,963)**	**(47,963)**
Cash payments	**(35,088)**	**(6,018)**	**(41,106)**
Adjustment	**(195)**	**920**	**725**
Liability balance **at March 31, 2007**	**¥ 4,921**	**¥ 1,761**	**¥ 6,682**

	Employee termination benefits	Loss on fixed assets and other associated costs	Total
		(Thousands of U.S. dollars)	
Liability balance **at March 31, 2006**	**$145,178**	**$ 4,280**	**$149,458**
Cost incurred	**195,534**	**460,314**	**655,848**
Non-cash charges	**—**	**(406,466)**	**(406,466)**
Cash payments	**(297,356)**	**(51,000)**	**(348,356)**
Adjustment	**(1,653)**	**7,796**	**6,143**
Liability balance **at March 31, 2007**	**$ 41,703**	**$ 14,924**	**$ 56,627**

Loss on fixed assets and other associated costs for the year ended March 31, 2006 included impairment charges in long-lived assets, which primary consisted of manufacturing facilities, of ¥32,287 million and impairment charges of goodwill of ¥9,834 million. These impairments mainly resulted from the reduced earnings forecast of future operations for the Imaging Solutions segment as mentioned above. During the year ended March 31, 2007, the business environment in the Imaging Solutions segment was worse than anticipated in the previous year. As a result, impairment charges of ¥12,202 million ($103,407 thousand) were recognized for certain manufacturing facilities and amortizable intangibles such as customer lists. The fair values of respective long-lived assets or asset group were determined based on estimated discounted future net cash flows using the updated earnings forecast. The remaining charges mainly related to accelerated depreciation in connection with shortened estimated remaining useful lives on certain machinery and equipment and losses on disposal of fixed assets.

Substantially, all of the restructuring and other charges were related to the Imaging Solutions segment. However, charges of ¥17,269 million ($146,347 thousand) and ¥8,642 million were incurred in the Information Solutions segment for the years ended March 31, 2007 and 2006, respectively, mainly related to losses on manufacturing facilities and equipment used for both of the Imaging and Information Solutions activities, and certain restructuring initiatives relating to the Information Solutions segment.

Document Solutions Segment

During the year ended March 31, 2007, the Company initiated the restructuring activities in the Document Solutions segment and recognized costs of ¥16,136 million ($136,746 thousand) relating to employees benefits and ¥555 million ($4,703 thousand) relating to fixed assets. This initiative related to relocations of domestic customer engineers to regional sales subsidiary companies in order to provide more community-based maintenance services. The costs accrued as of March 31, 2007 will be paid no later than March 31, 2008.